

# Retirement TODAY

ND Teachers' Fund for Retirement

JULY 2014

## Franz Re-Appointed to Board

Governor Dalrymple has re-appointed Kim Franz to another five-year term on the TFFR Board. Franz, an elementary teacher from Mandan, has been a trustee since 2006 and represents active teachers on the Board. We appreciate her commitment to serve North Dakota educators as a TFFR Board Trustee.

### TFFR Board of Trustees

Mike Gessner, President, Active Trustee  
Kim Franz, Active Trustee  
Rob Lech, Active Trustee  
Clarence Corneil, Retired Trustee  
Mel Olson, Retired Trustee  
Kirsten Baesler, State Superintendent  
Kelly Schmidt, State Treasurer

### RIO Administrative Office

David Hunter,  
Executive Director/CIO  
Fay Kopp,  
Deputy Director/  
Chief Retirement Officer  
Shelly Schumacher, Editor

### ND Retirement and Investment Office

1930 Burnt Boat Drive, P.O. Box 7100  
Bismarck, ND 58507-7100  
701-328-9885  
Toll free: 1-800-952-2970  
[www.nd.gov/rio](http://www.nd.gov/rio)

*Articles are for general information only and are not intended to provide specific advice or recommendation. Other forms of this newsletter are available on request.*



**Back row: State Treasurer Kelly Schmidt, Mel Olson, Rob Lech**  
**Front Row: Clarence Corneil, State Supt. Kirsten Baesler, Kim Franz, Mike Gessner**

## TFFR Board

Your retirement board is dedicated to ensuring a financially strong pension fund for the benefit of North Dakota's active and retired public school teachers.

## TFFR Submits Bill for Interim Study

The TFFR Board submitted bill draft no. 140 to the Legislative Employee Benefits Programs Committee for interim study. The bill updates certain dates to maintain compliance with federal Internal Revenue Code tax law changes related to qualified governmental pension plans. These changes are not expected to have an actuarial effect on the plan, and are not being submitted for funding purposes.

The study bill and testimony are available on the RIO website at [www.nd.gov/rio/tffr/legislation/default\\_2015.htm](http://www.nd.gov/rio/tffr/legislation/default_2015.htm).

# Memo to Members

## **Excellence. It's all about attitude.**

Each day as I walk into my office I see a small metal sign which says:

*"Excellence is not a skill. It is an attitude." (Ralph Marston)*

The sign reminds me to make a commitment to do my very best every day on behalf of TFFR members and employers, and the pension plan with which we are entrusted. I believe all of our experienced, dedicated staff members have that same attitude and sincere desire to provide excellent customer service.

Most of you come into contact with only a few people in our office – typically member and employer service specialists who provide excellent customer service as evidenced by the positive comments and evaluations we receive. Maybe you have seen their friendly faces in our Bismarck office or around the state conducting preretirement seminars, benefits counseling sessions, and presentations, or visited with them on the phone to discuss personal retirement questions and concerns.

But excellent customer service isn't just about the people you see at the retirement office. It's also about those who are behind the scenes making sure retirement and investment program operations run smoothly and efficiently – administrative, accounting, audit, investment, and information technology support staff. They are the backbone of the agency and



Fay Kopp  
Deputy Executive Director –  
Chief Retirement Officer

allow us to administer an accurate, prompt, and efficient pension benefits program. I am grateful for their efforts, and know they will continue to support program initiatives in the future.

Speaking of program initiatives, we have been brainstorming ways to enhance service and better connect with our members. As you might guess, most of our discussions seem to center around technology. Some of the enhancements you may see in the next few years include:

- 1) Member Online Services to allow you to view your member account information, annual statements, and other retirement information online.
- 2) Redesigned website which will contain even more information about your retirement plan benefits, legislation, funding, investments, and other topics of interest.
- 3) Online tutorials to guide you in applying for retirement benefits, and other plan benefits.
- 4) Personal teleconference benefits counseling sessions.

As we explore new opportunities and methods of communicating with our members, please know that we will continue to strive for excellence. We will do our best to balance the needs of members with our ability to provide services in a cost effective, efficient manner. Our methods may change, but our positive attitude will not.

It is an honor and a privilege to serve ND public school educators. As always, I invite you to share your thoughts and suggestions with me.


The TFFR Board has established the following service goals which guide our staff:

- Administer accurate, prompt, and efficient pension benefits program.
- Deliver high quality, friendly service to members and employers.
- Provide educational outreach programs.

# How to Read Your Annual Retirement Benefit Notice

Your TFFR Annual Retirement Benefit Notice is sent to you each December. The statement contains your calendar year pension amounts that can be used for early income tax preparation. You will receive your 1099R tax statement in January. The following describes the content of your benefit notice:

1. Displays your name, address, service credit, retirement date, and membership tier. A six digit Person ID has replaced the use of your Social Security number as an identifier. Please have this number available when you contact the retirement office.
2. The Previous payment column details your December 1 gross retirement benefit payment including any taxes withheld and all payroll deductions taken to total the net benefit actually paid to you.
3. The Effective Date column details your January 1 retirement benefit payment.
4. The Year-to-Date column totals your pension amounts for the calendar year.
5. The Net Benefit Amount row is the actual amount that was directly deposited into your bank account. If the net benefit changes from the previous month, this statement will also include a section that highlights which items have changed. Example: Federal Tax, State Tax, Health.



**North Dakota Retirement and Investment Office**  
**Teachers' Fund For Retirement**  
**Retirement Benefit Notice**

1930 Burnt Boat Drive  
 P.O. Box 7100  
 Bismarck, ND 58507-7100  
 Telephone: 701-328-9885  
 Toll Free: 1-800-952-2970  
 Web Site: www.nd.gov/rio

JILL TEACHER  
 STREET ADDRESS  
 CITY, STATE ZIP

1G = Tier 1 Grandfathered  
 1NG = Tier 1 Nongrandfathered  
 2 = Tier 2

PersonID: 999999  
 Service Years: 30.000  
 Membership Tier: 1G  
 Retire Date: 06-01-2008

**MONTHLY BENEFIT**

	Previous	Effective	01-01-2015	Year-To-Date
<b>Gross Monthly Benefit</b>	<b>\$1,500.00</b>	<b>\$1,500.00</b>	<b>\$18,000.00</b>	
Monthly Non-Taxable	5.00	5.00	60.00	
Taxable	1,495.00	1,495.00	17,940.00	
<b>Tax Total</b>	<b>\$30.00</b>	<b>\$30.00</b>	<b>\$360.00</b>	
Federal	25.00	25.00	300.00	
State	5.00	5.00	60.00	
<b>Deductions Total</b>	<b>\$220.00</b>	<b>\$220.00</b>	<b>\$2,640.00</b>	
Health	220.00	220.00	2,640.00	
Life	0.00	0.00	0.00	
Vision	0.00	0.00	0.00	
Dental	0.00	0.00	0.00	
<b>Net Monthly Benefit</b>	<b>\$1,250.00</b>	<b>\$1,250.00</b>	<b>\$15,000.00</b>	

Total Non-taxable at Retirement: \$2,000.00

Account Value at Retirement: \$90,000.00

Total Received Life-to-Date: \$118,500.00

**Primary Beneficiary(ies)**

Howard Teacher

Only the first four beneficiaries are printed. Contingent beneficiary information is not displayed, it is on file at the Administrative Office.

**Option Description**

Single Life Annuity

**This notice provides year to date totals. Your 1099R tax form will be mailed the end of January.**

Print Date: December 22, 2014

6. This section shows the total amount of non-taxable dollars you had in your TFFR account at retirement and are recovering a small portion each month. See Monthly Non-Taxable on your notice. This section also shows your Account Value at Retirement (member contributions + purchase payments + interest) and the total benefits paid to you to date.
7. Your primary beneficiary is shown here. If your beneficiary has passed away, please contact the TFFR office immediately.
8. The benefit option you selected at retirement is displayed. A description of each benefit option can be found in the TFFR Member Handbook.



NORTH DAKOTA  
RETIREMENT AND  
INVESTMENT OFFICE  
*Teachers' Fund for Retirement  
State Investment Board*

1930 BURNT BOAT DRIVE  
P.O. BOX 7100  
BISMARCK, ND 58507-7100

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# FAQ

## FREQUENTLY ASKED QUESTIONS

**Q:** Is the funding status of TFFR improving?

**A:** TFFR funding levels are expected to improve gradually over time. However, until all of the 2008-09 investment losses are recognized over the 5-year smoothing period, and until the increased member and employer contributions flow into the plan (effective 7-1-12 and 7-1-14), funding progress will not be reflected in the valuation reports. Time is needed for the changes made to show positive funding results. Actuarial projections show if all actuarial assumptions are met, it will likely take 20-30 years before TFFR reaches a 100% funding level. If investment returns are greater than 8% over the long term, funding progress will happen more quickly. However, if investment returns are less than 8% over the long term, it will take longer to reach a 100% funded status. A long term focus is important in financing pensions. Due to legislative action, TFFR's long term funding outlook is positive, and benefits are secure for past, present, and future ND educators.

**Q:** Is there a 2015 legislative proposal to give retirees a benefit increase?

**A:** To date no study bills have been submitted to increase pension benefits for TFFR retirees. The TFFR trust fund cannot afford to increase retiree benefits at this time. The TFFR Board's highest priority is to ensure that adequate funds will be available to pay all promised benefits to current and future retirees.

**Q:** ND has a budget surplus, why can't the State fund a retiree increase?

**A:** While the State of ND has a budget surplus, it also has a long list of budget requests. These spending requests are closely scrutinized and prioritized by the Legislature, and must be sustained over the long term. How state funds are spent is ultimately a decision of the Legislature. Historically, the Legislature has only approved TFFR retiree increases when the funding source was the TFFR trust fund.